

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

Barry County Road Commission
Financial Statements
For the year ended December 31, 2004

CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	2 - 6
Government-Wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet-Governmental Funds and Reconciliation of the Balance Sheet-Governmental Funds Fund Balance to the Statement of Net Assets	9
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance-Governmental Funds to the Statement of Activities	11
Statement of Fiduciary Net Assets-Fiduciary Funds	12
Statement of Changes in Fiduciary Net Assets-Fiduciary Funds	13
Notes to Financial Statements	14 - 22
Required Supplementary Information:	
Statement of Revenues and Other Financing Sources-Budgetary Comparison Schedule	23
Statement of Expenditures-Budgetary Comparison Schedule	24
Supplementary Information:	
Analysis of Changes in Fund Balance	25
Analysis of Revenues and Other Financing Sources	26
Analysis of Expenditures	27



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INDEPENDENT AUDITORS' REPORT

To The Board of County Road Commissioners
Barry County Road Commission
Hastings, Michigan

We have audited the accompanying financial statements of Barry County Road Commission, a component unit of Barry County, as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Barry County Road Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Barry County Road Commission as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Barry County Road Commission. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Hastings, Michigan
February 24, 2005

Walker, Fluke & Sheldon, PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Barry County Road Commission's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Road Commission's financial activity, (c) identify changes in the Road Commission's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the approved budget and (e) identify any issues or concerns.

Reporting the Road Commission as a Whole

Government-Wide Statements

The statement of net assets and the statement of activities report information about the Road Commission as a whole and about its activities in a way that helps answer the question of whether the Road Commission is better or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two statements mentioned above, report the Road Commission's net assets and changes in them. The reader can think of the Road Commission's net assets (the difference between assets and liabilities) as one way to measure the Road Commission's financial health or financial position. Over time, increases or decreases in the Road Commission's net assets are one indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

Our analysis of the Road Commission's major funds begins on page 7. The fund financial statements begin on page 9 and provide detailed information about the major funds. The Road Commission currently has only one fund, the general operations fund, in which all of the Road Commission's activities are accounted. The general operations fund is a governmental fund type.

Governmental funds focus on how money flows into and out of the fund and the balances left at year-end that are available for spending. This fund is reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Road Commission's general governmental operations and the basic service it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Road Commission's services. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and the governmental fund in a reconciliation following the fund financial statements.

Financial Analysis of the Road Commission as a Whole

The Road Commission's net assets increased approximately 5% from \$23,911,982 to \$25,071,908 and approximately 3% from \$23,216,935 to \$23,911,982 for the years ended December 31, 2004 and 2003, respectively. The net assets and change in net assets are summarized on the following page.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Financial Analysis of the Road Commission as a Whole (Continued)

Net assets for the years ended December 31, 2004 and 2003 are as follows:

	<u>2004</u>	<u>2003</u>
Current and Other Assets	\$ 3,531,532	\$ 3,100,919
Capital Assets(Net of Accumulated Depreciation)	<u>21,941,711</u>	<u>21,146,441</u>
 Total Assets	 <u>25,473,243</u>	 <u>24,247,360</u>
 Other Liabilities	 <u>401,335</u>	 <u>335,378</u>
 Net Assets		
Invested in Capital Assets(Net of Related Debt)	21,941,711	21,117,081
Restricted	<u>3,130,197</u>	<u>2,794,901</u>
 Total Net Assets	 <u>\$ 25,071,908</u>	 <u>\$ 23,911,982</u>

A summary of changes in the net assets for the years ended December 31, 2004 and 2003 are as follows:

	<u>2004</u>	<u>2003</u>
Program Revenues		
License and Permits	\$ 32,643	\$ 25,310
Federal Aid	-	217,467
State Aid	5,016,275	4,700,662
Contributions from Local Units	1,628,318	1,682,092
Investment Earnings	24,466	19,502
Charges for Services	<u>62,133</u>	<u>3,466</u>
Total Program Revenues	<u>6,763,835</u>	<u>6,648,499</u>
 General Revenue		
Property Rentals	7,105	6,094
Contributions	480,419	176,258
Gains on Equipment Disposal	31,593	41,125
Transfer-In Primary Government	<u>16,000</u>	<u>16,000</u>
Total General Revenues	<u>535,117</u>	<u>239,477</u>
 Total Revenue	 <u>7,298,952</u>	 <u>6,887,976</u>
 Program Expenses		
Primary Road Maintenance	1,586,085	1,765,747
Local Road Maintenance	3,530,043	3,168,158
Net Equipment Expense	(691,250)	(464,752)
Net Administrative Expense	449,661	444,057
Compensated Absences	59,125	(3,561)
Infrastructure Depreciation	1,201,692	1,261,898
Interest Expense	<u>3,670</u>	<u>21,382</u>
Total Program Expenses	<u>6,139,026</u>	<u>6,192,929</u>
 Change in Net Assets	 <u>\$ 1,159,926</u>	 <u>\$ 695,047</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Financial Analysis of the Road Commission as a Whole (Continued)

Restricted net assets, which are those, restricted mainly for Act 51 purposes, increased \$335,296 and \$638,147 for the years ended December 31, 2004 and 2003, respectively. The current year increase is due primarily to a large increase in due from other units of government of \$357,797, an increase in inventory of \$53,569 and other minor increases in other assets. Current liabilities increased \$36,191 during the year ended December 31, 2004. The non-current liability account vested employee benefits increased \$59,126, while the non-current liability account land contract decreased by \$29,360, due to the contract being paid off in 2004.

The Road Commission's Fund

The Road Commission's general operations fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the county, which are earmarked by law for road and highway purposes

For the year ended December 31, 2004, the fund balance of the general operations fund increased \$36,625 as compared to an increase of \$64,586 for the year ended December 31, 2003.

Total revenues were \$6,925,152 and \$6,871,976 for the years ended December 31, 2004 and 2003, respectively. This difference was primarily due to large increases in Michigan Transportation funds of \$315,613 and other contributions of \$304,161. These increases were offset by large decreases in federal aid of \$217,467 and township contributions of \$356,774.

Total expenditures were \$6,904,527 and \$6,823,390 for the years ended December 31, 2004 and 2003, respectively. This increase in expenditures is primarily due from an increase in general maintenance. Large increases in heavy maintenance and local road maintenance amounted to \$1,106,706. These increases were offset by large decreases in primary maintenance, net equipment expense, net capital outlay and debt principal payments totaling \$1,073,307. There were other minor changes that also contributed to the increase in expenditures.

Budgetary Highlights

Prior to the beginning of any year, the Road Commission's budget is compiled based upon certain assumptions and facts available at that time. During the year, the Road Commission Board acts to amend its budget to reflect changes in these original assumptions, facts and/or economic conditions that were unknown at the time the original budget was compiled. In addition, by policy, the board reviews and authorizes large expenditures when requested throughout the year.

The final amended revenue budgets were higher than the actual receipts by \$13,209 and \$564,331 for the years ended December 31, 2004 and 2003, respectively. In 2004, the actual Michigan Transportation fund payments were higher than budget by \$366,275 and contributions from local units were lower than budget by \$374,682. Handling charges and purchase discounts were not transferred to offset administrative expenses in the amount of \$6,800. There were other minor variances that also contributed to this.

The final amended expenditure budgets were higher than actual expenses by \$904,162 and \$630,137 for the years ended December 31, 2004 and 2003, respectively. The largest share of the variance is due to the fact the road expense accounts were overstated and the final budget numbers were not adjusted accordingly.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2004 and 2003, the Road Commissions investment in capital assets is as follows:

	<u>2004</u>	<u>2003</u>
Capital Assets Not Being Depreciated		
Land	\$ 85,433	\$ 85,433
Land Improvements	12,477,934	11,977,004
Right-of-Ways	<u>65,204</u>	<u>65,201</u>
Subtotal	<u>12,628,571</u>	<u>12,127,638</u>
Capital Assets Being Depreciated		
Land Improvements	214,808	214,808
Buildings	721,581	717,576
Road Equipment	6,359,915	5,852,034
Shop Equipment	169,094	164,809
Office Equipment	88,128	80,639
Engineering Equipment	103,596	97,499
Yard and Storage Equipment	103,147	103,147
Pit Depletion	524,031	522,574
Infrastructure	<u>14,025,286</u>	<u>13,969,535</u>
Subtotal	<u>22,309,586</u>	<u>21,722,621</u>
Total Capital Assets	34,938,157	33,850,259
Total Accumulated Depreciation	<u>12,996,446</u>	<u>12,703,818</u>
Total Net Capital Assets	<u>\$ 21,941,711</u>	<u>\$ 21,146,441</u>

This year's major capital asset additions included the following:

	<u>2004</u>	<u>2003</u>
Intersection Improvements/Construction	\$ 500,933	\$ 215,902
Resurfacing Projects	1,285,469	781,510
Bridge Projects	-	254
Transportation and Other Equipment	<u>608,479</u>	<u>568,802</u>
Total Additions	<u>2,394,881</u>	<u>1,566,468</u>

Debt

The Road Commission currently has no debt. The balance of a land contract from the prior year was retired in the amount of \$29,360. The only other long-term debt the Road Commission has is compensated absences in the amount of \$248,059.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Economic Factors and Next Year's Budget

The Board of County Road Commissioners considered many factors when setting the fiscal year 2005 budget. The Road Commission's primary source of revenue is derived from the State gas and weight taxes. Two factors considered were the higher cost of fuel and the one-time trailer registrations that ended in 2004. This is expected to reflect a 3% decrease in revenues. Investment income is down and expected to stay that way in 2005. The Road Commission has four federal aid projects scheduled for 2005 in the approximate amount of \$1,570,000. The Road Commission's matching amount for these projects will be approximately \$95,000. Township contributions are expected to remain the same for 2005 based on the Road Commissions paved road recommendations discussed with the Townships in January 2005.

The Board emphasizes the reader should understand that there are not sufficient funds available to repair and/or rebuild every road in Barry County's transportation system; therefore, the board attempts to spend the public's money wisely equitably and in the best interest of the motoring public and the citizens of Barry County.

Contacting the Road Commission's Financial Management

This financial report is designed to provide the motoring public, citizens and other interested parties a general overview of the Road Commission's finances and to show the Road Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Barry County Road Commission administrative offices at 1725 West M-43 Highway, Hastings, MI 49058.

BARRY COUNTY ROAD COMMISSION
STATEMENT OF NET ASSETS
December 31, 2004

ASSETS

Cash and Cash Equivalents	\$ 1,579,400
Accounts Receivable	
Michigan Transportation Fund	772,997
Other	5,038
Due From Other Units of Government	357,797
Inventories	
Road Materials	662,991
Equipment Materials and Parts	152,780
Deferred Expense-Federal Aid	529
Capital Assets (Net of Accumulated Depreciation)	<u>21,941,711</u>
 Total Assets	 <u>25,473,243</u>

LIABILITIES

Current Liabilities	
Accounts Payable	79,674
Due to State of Michigan	16,675
Accrued Liabilities	42,811
Escrow Payable	14,116
Non-Current Liabilities	
Vested Employee Benefits Payable-Due After One Year	<u>248,059</u>
 Total Liabilities	 <u>401,335</u>

NET ASSETS

Investment in Capital Fixed Assets	
Net of Related Debt	21,941,711
Restricted for County Roads	<u>3,130,197</u>
 Total Net Assets	 <u><u>\$ 25,071,908</u></u>

The Notes to Financial Statements are an integral part of this statement.

BARRY COUNTY ROAD COMMISSION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Program Expenses	
Primary Road Maintenance	\$ 1,586,084
Local Road Maintenance	3,530,043
Net Equipment Expense	(691,250)
Net Administrative Expense	449,661
Compensated Absences	59,126
Infrastructure Depreciation	1,201,692
Interest Expense	<u>3,670</u>
Total Program Expense	<u>6,139,026</u>
Program Revenues	
License and Permits	32,643
State Aid	5,016,275
Contributions From Local Units	1,683,118
Investments Earnings	24,467
Charges for Services	<u>7,332</u>
Total Program Revenues	<u>6,763,835</u>
Net Program Revenue	<u>624,809</u>
General Revenue	
Property Rentals	7,105
Contributions	480,419
Gains on Equipment Disposal	31,593
Transfer-In Primary Government	<u>16,000</u>
Total General Revenues and Transfers-In	<u>535,117</u>
Change in Net Assets	1,159,926
Net Assets	
Beginning of Year	<u>23,911,982</u>
End of Year	<u>\$ 25,071,908</u>

The Notes to Financial Statements are an integral part of this statement.

BARRY COUNTY ROAD COMMISSION
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2004

	<u>Governmental Fund Type</u>
<u>ASSETS</u>	<u>General Operating Fund</u>
Cash and Cash Equivalents	\$ 1,579,400
Accounts Receivable	
Michigan Transportation Fund	772,997
Other	5,038
Due From Other Units of Government	357,797
Inventories	
Road Materials	662,991
Equipment Materials and Parts	152,780
Deferred Expense-Federal Aid	<u>529</u>
Total Assets	<u>\$ 3,531,532</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts Payable	\$ 79,674
Due to State of Michigan	16,675
Accrued Liabilities	42,811
Escrow Payable	14,116
Deferred Revenue	<u>357,797</u>
Total Liabilities	<u>511,073</u>
Fund Balances	
Unreserved-Undesignated	<u>3,020,459</u>
Total Fund Balances	3,020,459
 Reconciliation of the Balance Sheet-Governmental Funds Fund Balance to the Statement of Net Assets:	
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred revenues reported in governmental funds are recognized as revenues in the governmental activities	357,797
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	21,941,711
Certain liabilities, such as compensated absences and intallment puchases, are not due and payable in current period and therefore are not reported in the funds.	<u>(248,059)</u>
Net Assets of Governmental Activities	<u>\$ 25,071,908</u>

The Notes to Financial Statements are an integral part of this statement.

BARRY COUNTY ROAD COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004

	General Operating Fund
Revenues	
Licenses and Permits	\$ 32,643
State Grants	5,016,275
Contributions From Local Units	1,325,318
Charges for Services	7,332
Other Revenues	<u>543,584</u>
Total Revenues	<u>6,925,152</u>
Expenditures	
Public Works	6,660,938
Capital Outlay-Net	210,559
Debt Service	<u>33,030</u>
Total Expenditures	<u>6,904,527</u>
Excess of Revenues Over (Under) Expenditures	<u>20,625</u>
Other Financing Sources	
Transfers-In Primary Government	<u>16,000</u>
Total Other Financing Sources	<u>16,000</u>
Excess of Revenues and Other Financing Sources Over Expenditures	36,625
Fund Balance-January 1, 2004	<u>2,983,834</u>
Fund Balance-December 31, 2004	<u><u>\$ 3,020,459</u></u>

The Notes to Financial Statements are an integral part of this statement.

BARRY COUNTY ROAD COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Net Change in Fund Balance-Total Governmental Funds	\$ 36,625
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	795,270
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	357,797
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. [Increase (decrease) in compensated absences.]	(59,126)
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Repayment of notes/leases payable is an expenditure in governmental funds, but reduces the long-term liabilities in the Statement of Net Assets.	<u>29,360</u>
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Net Assets of Governmental Activities	<u><u>\$ 1,159,926</u></u>
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The Notes to Financial Statements are an integral part of this statement.

**BARRY COUNTY ROAD COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
December 31, 2004**

<u>ASSETS</u>	<u>Pension Trust</u>	<u>Trust and Agency</u>
Investments	\$ 4,505,079	\$ 22,138
Accounts Receivable		
Sundry	<u>128,455</u>	<u>-</u>
Total Assets	<u>\$ 4,633,534</u>	<u>\$ 22,138</u>
 <u>LIABILITIES</u>		
Current Liabilities		
Due to Employees for Deferred Compensation	<u>\$ -</u>	<u>\$ 22,138</u>
Total Liabilities	<u>-</u>	<u>\$ 22,138</u>
 <u>NET ASSETS</u>		
Held in Trust for Pension Benefits	<u>\$ 4,633,534</u>	

The Notes to Financial Statements are an integral part of this statement.

BARRY COUNTY ROAD COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
For the Year Ended December 31, 2004

<u>ADDITIONS</u>	<u>Pension Trust</u>
Investment Income From Investing Activities	
Net Appreciation (Depreciation) in Fair Value of Investments	\$ 211,478
Gain on Sale of Investments	10,966
Interest and Dividends	108,634
Interest on Participant Loans	<u>5,267</u>
Total Investment Income	336,345
Investment Management Fees	<u>6,924</u>
Net Income From Investing Activities	<u>329,421</u>
Contributions	
Employer	146,758
Employee	<u>166,085</u>
Total Contributions	<u>312,843</u>
Total Additions	<u>642,264</u>
 <u>DEDUCTIONS</u>	
Benefit Payments	<u>284,306</u>
Total Deductions	<u>284,306</u>
Net Additions (Deductions) to Net Assets Held in Trust	357,958
Net Assets Held in Trust for Benefits	
Beginning of Year	<u>4,275,576</u>
End of Year	<u><u>\$ 4,633,534</u></u>

The Notes to Financial Statements are an integral part of this statement.

**BARRY COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2004**

Note A: REPORTING ENTITY

The Barry County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a three member Board of County Road Commissioners appointed by the County Commissioners of Barry County, Michigan. The Road Commission may not issue debt without the County's approval and property tax levies are subject to the County Board of Commissioners' approval.

The criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if the component unit data were not included. Based on the above criteria, these financial statements present the Barry County Road Commission, a discretely presented component unit of Barry County.

The Road Commission Operating Fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the County, which are earmarked by law for street and highway purposes. The Board of County Road Commissioners is responsible for the administration of the Road Commission Operating Fund.

Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Barry County Road Commission conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Barry County Road Commission.

Effective January 1, 2003, the Road Commission implemented the provisions of GASB Statement No. 34 (GASB 34), *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain significant changes in the statements include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Road Commission's overall financial position and results of operations has been included in the financial statements.
- Financial statements prepared using full accrual accounting for all of the Road Commission's activities, including infrastructure (roads, bridges, etc.)
- A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements).

Government-Wide and Fund Financial Statements - The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all the activities of the Barry County Road Commission. There is only one fund reported in the government-wide financial statements.

The Statement of Net Assets presents the Road Commission's assets and liabilities with the difference being reported as either invested in capital assets, net of related debt, or restricted net assets.

**BARRY COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2004**

Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for the Operating Fund (governmental fund) and Fiduciary Funds. The Operating Fund and Fiduciary Funds are independent fiscal and accounting entities with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Michigan transportation funds, grants, permits, township contributions and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the government receives cash.

Encumbrance Accounting - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Barry County Road Commission.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash, Cash Equivalents and Investments - Investments are recorded at cost except in the Deferred Compensation Agency Fund and Pension Trust Fund, which reports investments at fair market value as described in Note D. Demand deposits, certificates of deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

**BARRY COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2004**

Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories - Inventories are priced at cost determined on the average unit cost and specific identification methods. Inventory items are charged to road construction and maintenance, equipment repairs and operations as used.

Capital Assets - Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges and similar items), are reported in the operating fund in the government-wide financial statements. Barry County Road Commission defines capital assets on an individual basis. The dollar threshold depends on the category of the asset, but the asset must have an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

GASB 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated since fiscal years ending after June 30, 1980 be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions of GASB 34. The Road Commission has capitalized the major infrastructure assets according to GASB 34. The Barry County Road Commission has capitalized the current year's infrastructure, as required by GASB 34, and has reported the infrastructure in the Statement of Net Assets.

Depreciation - Depreciation is computed on the sum-of-the-years'-digits method for road equipment and the straight-line method for all other assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 to 50	years
Road Equipment	5 to 8	years
Shop Equipment	7 to 10	years
Engineering Equipment	4 to 10	years
Office Equipment	4 to 10	years
Infrastructure-Roads	8 to 30	years
Infrastructure-Bridges	12 to 50	years

Interest-Bearing Deposits - Interest-bearing deposits are recorded at cost. Interest earned is recorded as revenue when the investment matures, or when credited by the financial institutions to the interest-bearing account.

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the operating fund Statement of Net Assets.

Compensated Absences (Vacation and Sick Leave) - It is the Road Commission's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide financial statements.

Advertising - Advertising costs are charged to expense as incurred, and amounted to \$1,814 for the year ended December 31, 2004.

**BARRY COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2004**

Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Procedures - Budgetary procedures are established pursuant to Act 621 PA 1978, as amended, (MCL 141.421) which requires the County Board of Road Commissioners to approve a budget for the County Road Fund. Pursuant to the Act, Barry County Road Commission prepares the current proposed budget in the fourth quarter of the previous year. A public hearing is held to receive public comments on the proposed budget. After the public hearing, the budget is adopted. This takes place prior to the beginning of the affected fiscal year. The budget is compared to actual results on a regular basis. Amendments are made to the budget as necessary. The final budget amendments were adopted on December 30, 2004. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

Note C: BALANCE SHEET CASH AND INTEREST BEARING ACCOUNTS

Deposits are carried at cost. Deposits of the Road Commission are at various banks in the name of the Barry County Treasurer. Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Road Commission's deposits are in accordance with statutory authority.

The risk disclosures categorizing the deposits between amounts insured or collateralized with securities held by the entity or by its agent in the entity's name and amounts uncollateralized or uninsured as required by the Governmental Accounting Standards Board (GASB) Statement No. 3, are not available. Various deposits are held in accounts in the name of the Barry County Treasurer.

The Road Commission's insured deposits are insured by virtue of the Road Fund meeting certain specified criteria under FDIC regulations.

The balance sheet caption "Cash and Cash Equivalents" includes imprest cash of \$500.

Investments - Investments accumulated under an eligible deferred compensation plan may be placed at the authorization of a governing body, with a financial institution authorized to do business in this State, a State or Federally licensed investment company or insurance company authorized to do business in this State, or trust established by public employers for the investment of deferred compensation or retirement plans. Such funds shall be invested as directed by the governing body.

**BARRY COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2004**

Note C: BALANCE SHEET CASH AND INTEREST BEARING ACCOUNTS (Continued)

The Road Commission's investments for Deferred Compensation consist of assets held by John Hancock purchased through the Road Commission's agent, Governmental Benefits Group, Inc. The Road Commission's investments for the 401(K) Retirement Plan (Pension Trust Fund) are held by and purchased through Fidelity Investments at December 31, 2004. Michigan Compiled Laws, section 38.1121, authorizes the Road Commission to invest pension assets in a wide variety of investments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. The Road Commission's deferred compensation and pension trust investments are in accordance with statutory authority. The nature of the investments (Common Stock Mutual Funds) does not allow for risk categorization, which is in accordance with GASB Statement No. 3.

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Deferred Compensation</u>		
Mutual Fund Accounts	\$ 22,138	\$ 22,138
Total Deferred Compensation	<u>22,138</u>	<u>22,138</u>
<u>Pension Trust</u>		
Mutual Funds Investments	<u>4,505,079</u>	<u>4,505,079</u>
Total Pension Trust	<u>4,505,079</u>	<u>4,505,079</u>
Total Investments	<u>\$ 4,527,217</u>	<u>\$ 4,527,217</u>

Note D: DEFERRED COMPENSATION PLAN

The Barry County Board of Road Commissioners offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan permits an employee to defer a portion of his or her current salary according to current provisions of the Internal Revenue Service, until the employee's termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property rights purchased with such amounts, and all income attributable to such amounts, property or rights (until made available to the employee or other beneficiary) are solely the property and rights of the Barry County Road Commission (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Road Commission's general creditors.

Employees' rights created under the plan are equivalent to those of general creditors of the Barry County Road Commission, and only in an amount equal to the fair market value of the deferred account maintained with respect to each participant.

**BARRY COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2004**

Note D: DEFERRED COMPENSATION PLAN (Continued)

In the past, the plan assets have been used for no purpose other than to pay benefits and administrative costs. The Road Commission has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. In addition, the Barry County Road Commission believes it is unlikely it will use the assets to satisfy the claims of general creditors in the future.

The plan is administered by the Road Commission's agent, Governmental Benefits Group, Inc. and funded through John Hancock Investments.

The plan's assets are included in the Road Commission's Statement of Fiduciary Nets Assets in compliance with GASB Statement No. 32, "Financial Reporting of Deferred Compensation Plans Adopted Under the Provisions of the Internal Revenue Code Section List". A summary of the activity in the plan for the year ended December 31, 2004, is as follows:

Balance-January 1, 2004	\$ 21,038
Net Investment Earnings	<u>1,100</u>
Balance-December 31, 2004	<u>\$ 22,138</u>

Note E: EMPLOYEES RETIREMENT SYSTEM

The Road Commission has a 401-K, single employer defined contribution plan, available to all employees of the Road Commission. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and the forfeitures of other participant's account. All employees who are at least 21 years old and have completed six months of service are eligible to participate.

The plan allows each employee to determine his/her own contribution, up to 60% of his or her salary, according to current provisions of the Internal Revenue Code. The Road Commission contributes 10% of the employees' salary. These contributions are not dependent of the participation of the employees. The plan uses the accrual basis of accounting with investments stated at market.

Employees are allowed to borrow from their account and at December 31, 2004, the outstanding loan balances were \$128,455. Employee and employer contributions are paid to the plan on each payroll date (bi-weekly) and for the year ending December 31, 2004; the Road Commission's contribution to the plan was \$146,758. Employee contributions to the plan were \$166,085 for 2004. Total 2004 payroll of the Road Commission was \$1,982,633, and total covered payroll was \$1,465,910. The Road Commission's contributions represent 10.00% of covered payroll and the employees' contributions represents 11.33% of covered payroll.

**BARRY COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2004**

Note F: CAPITAL ASSETS

Capital asset activity of the Barry County Road Commission for the current year was as follows:

	Account Balance 12/31/03	Additions	Deletions	Account Balance 12/31/04
Capital Assets Not Being Depreciated				
Land	\$ 85,433	\$ -	\$ -	\$ 85,433
Land Improvements	11,977,004	500,930	-	12,477,934
Right-of-Ways	65,201	3	-	65,204
Subtotal	<u>12,127,638</u>	<u>500,933</u>	<u>-</u>	<u>12,628,571</u>
Capital Assets Being Depreciated				
Land Improvements	214,808	-	-	214,808
Buildings	717,576	4,005	-	721,581
Road Equipment	5,852,034	578,072	70,191	6,359,915
Shop Equipment	164,809	4,285	-	169,094
Office Equipment	80,639	11,988	4,499	88,128
Engineering Equipment	97,499	8,672	2,575	103,596
Yard & Storage Equipment	103,147	-	-	103,147
Pit depletion	522,574	1,457	-	524,031
Infrastructure-Bridges	2,623,674	-	-	2,623,674
Infrastructure-Roads	11,345,861	1,285,469	1,229,718	11,401,612
Subtotal	<u>21,722,621</u>	<u>1,893,948</u>	<u>1,306,983</u>	<u>22,309,586</u>
Less Accumulated Depreciation				
Land Improvements	30,149	10,740	-	40,889
Buildings	462,088	12,674	-	474,762
Road Equipment	5,032,152	336,586	70,191	5,298,547
Shop Equipment	161,487	2,730	-	164,217
Office Equipment	61,057	9,621	4,292	66,386
Engineering Equipment	90,077	7,160	2,074	95,163
Yard & Storage Equipment	103,147	-	-	103,147
Pit depletion	114,795	17,700	-	132,495
Infrastructure-Bridges	660,555	61,503	-	722,058
Infrastructure-Roads	5,988,311	1,140,189	1,229,718	5,898,782
Subtotal	<u>12,703,818</u>	<u>1,598,903</u>	<u>1,306,275</u>	<u>12,996,446</u>
Net Capital Assets Being Depreciated	<u>9,018,803</u>	<u>295,045</u>	<u>708</u>	<u>9,313,140</u>
Total Net Capital Assets	<u>\$ 21,146,441</u>	<u>\$ 795,978</u>	<u>\$ 708</u>	<u>\$ 21,941,711</u>

**BARRY COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2004**

Note F: CAPITAL ASSETS (Continued)

Depreciation expense was charged to programs of the Barry County Road Commission as follows:

Primary Road	\$ 124,444
Local Road	264,473
County	8,294
Infrastructure	<u>1,201,692</u>
Total Depreciation Expense	<u>\$ 1,598,903</u>

Note G: LONG-TERM DEBT

The following is a summary of the changes in the long-term debt:

	<u>Balance 12/31/03</u>	<u>Increase (Decrease)</u>	<u>Balance 12/31/04</u>
Land Contract Agreement			
Drake Pit II	\$ 29,360	\$ (29,360)	\$ -
Accrued Vacation and Sick	<u>188,933</u>	<u>59,126</u>	<u>248,059</u>
	<u>\$ 218,293</u>	<u>\$ 29,766</u>	<u>\$ 248,059</u>

Vested Employee Benefits -Vacation is earned in varying amounts depending on the number of years of service of an employee and is made available to the employee on his or her anniversary date.

Upon termination of employment, the employer will pay the amount of vacation leave earned at the time of termination up to a maximum of 68 days. Vacation hours may be accumulated by an employee up to 20 days. All vacation leave in excess of 20 days shall be forfeited. A retiring employee with 15 years of employment will be allowed to accumulate 68 days of vacation, twenty-four months prior to retirement. The liability recorded for vacation earned but not used as of December 31, 2004, totaled \$95,893.

Sick leave is accumulated at the rate of 8 hours per month. An employee shall be paid his or her accumulated sick leave at 100 percent for the first 140 days and 45 percent for the excess over 140 days when services are terminated as a result of retirement, total disability or death. The liability recorded for sick leave earned but not used as of December 31, 2004, totaled \$152,166.

Note H: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

As of January 1, 2003, Barry County Road Commission changed their policy for providing hospitalization medical coverage for their employees following retirement. Per the policy in place as of December 31, 2002, Barry County Road Commission provided hospitalization medical coverage and life insurance on a complimentary basis for any employee who retired at age 55 with at least eight years of service. Barry County Road Commission continues to provide life insurance using the same parameters. Four current employees and one who retired during the year ended December 31, 2003, were grand fathered in under the previous policy.

**BARRY COUNTY ROAD COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2004**

Note H: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

As of January 1, 2005, Barry County Road Commission added a policy for providing \$10 per month for every year of service for their association employees retiring from January 1, 2003 to November 1, 2006. These employees must be at least 55 years of age and have at least 20 years of service. This would become effective upon retirement or January 1, 2005, whichever comes latest. Amount shall be paid until the employee is deceased. If a slot is open for health insurance through the Road Commission and the retiree chooses to be carried through the Road Commission, the current Health Insurance Cancellation Policy will apply. This is contingent upon the Employee's Association acceptance. All other current employees receive no health benefits upon retirement.

Benefits are provided based on requirements of employee contracts and are financed on a pay-as-you-go basis. For the year ended December 31, 2004, Barry County Road Commission expended \$131,607 for 36 participants currently eligible to receive benefits.

Note I: RISK MANAGEMENT

Barry County Road Commission is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Barry County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan, which authorizes contracts between municipal corporations (inter-local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protections, claims administration and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

Barry County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, automobile and equipment liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the information of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission also has self-insurance for worker's compensation as a member of the County Road Association Self-Insurance Fund. The Road Commission's employee medical benefits insurance is purchased through Blue Cross and Blue Shield.

At December 31, 2004, there were no claims, which exceeded insurance coverage. The Road Commission did not have any significant reduction in insurance coverage from previous years.

Note J: CONTINGENT LIABILITIES

Barry County Road Commission is the defendant in various legal actions involving personal injury or property damage that are normally associated with road commissions. These cases are turned over to the self-insurance pool. The aggregate effect of these actions, in management's and legal counsel's opinion, would not be material to the financial condition of Barry County Road Commission. Anticipated losses are not estimated to be in excess of insurance coverage. No provision for loss has been made in the financial statements.

**BARRY COUNTY ROAD COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES AND OTHER FINANCING SOURCES -
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2004**

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Licenses and Permits				
Utility and Driveway Permits	\$ 25,000	\$ 29,500	\$ 32,643	\$ 3,143
State Aid				
Michigan Transportation Fund				
Engineering			\$ 10,000	
Primary Road			3,109,192	
Primary Urban Road			61,723	
Local Road			1,813,188	
Local Urban Road			<u>22,172</u>	
	4,482,952	4,650,000	5,016,275	366,275
Contributions From Local Units				
Townships			1,317,818	
Other Units of Government			<u>7,500</u>	
	1,700,000	1,700,000	1,325,318	(374,682)
Charges for Services				
Salvage Sales	1,000	5,000	6,105	1,105
Other	1,800	1,800	1,227	(573)
Other Revenue				
Gain on Equipment Disposals	-	32,100	31,593	(507)
Interest	26,000	26,000	24,467	(1,533)
Property Rentals	6,000	7,105	7,105	-
Contributions	-	480,056	480,419	363
Other	<u>6,800</u>	<u>6,800</u>	<u>-</u>	<u>(6,800)</u>
Total Operating Revenue	<u>6,249,552</u>	<u>6,938,361</u>	<u>6,925,152</u>	<u>(13,209)</u>
Other Financing Sources				
Transfers-In				
Primary Government	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total Other Financing Sources	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total Revenue and Other Financing Sources	6,265,552	6,954,361	<u>\$ 6,941,152</u>	<u>\$ (13,209)</u>
Fund Balance-January 1, 2004	<u>2,983,834</u>	<u>2,983,834</u>		
Total Budget	<u>\$ 9,249,386</u>	<u>\$ 9,938,195</u>		

**BARRY COUNTY ROAD COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF EXPENDITURES -
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Primary Road				
Heavy Maintenance	\$ 1,090,659	\$ 788,090	\$ 588,535	\$ 199,555
Winter Maintenance	382,797	425,969	456,502	(30,533)
Maintenance	929,899	1,362,529	1,108,946	253,583
Traffic Control	17,304	19,256	20,636	(1,380)
Local Road				
Heavy Maintenance	730,000	1,312,408	1,197,865	114,543
Winter Maintenance	346,022	483,819	540,475	(56,656)
Maintenance	1,882,686	3,358,109	2,940,691	417,418
Traffic Control	31,292	43,753	48,877	(5,124)
Distributive Expense	1,300,000	-	-	-
Equipment Expense-Net				
Direct	745,000	911,134	\$ 1,006,741	
Indirect	310,000	559,626	456,239	
Operating	125,000	300,966	256,516	
Less: Equipment Rentals	<u>(1,675,000)</u>	<u>(2,475,000)</u>	<u>(2,410,746)</u>	
	<u>(495,000)</u>	<u>(703,274)</u>	(691,250)	(12,024)
Administrative Expense-Net	385,000	485,000	449,661	35,339
Capital Outlay-Net				
Capital Outlay	250,000	650,000	608,479	
Less: Depreciation	<u>(450,000)</u>	<u>(450,000)</u>	<u>(397,212)</u>	
Equipment Retirements	<u>-</u>	<u>-</u>	<u>(708)</u>	
	<u>(200,000)</u>	<u>200,000</u>	210,559	(10,559)
Debt Service				
Debt Principal Payments	-	29,360	29,360	-
Interest Expense	<u>-</u>	<u>3,670</u>	<u>3,670</u>	<u>-</u>
Total Expenditures	6,400,659	7,808,689	<u>\$ 6,904,527</u>	<u>\$ 904,162</u>
Fund Balance-December 31, 2004	<u>2,983,834</u>	<u>2,983,834</u>		
Total Budget	<u>\$ 9,384,493</u>	<u>\$ 10,792,523</u>		

**BARRY COUNTY ROAD COMMISSION
ANALYSIS OF CHANGES IN FUND BALANCE
For the Year Ended December 31, 2004**

	PRIMARY ROAD FUND	LOCAL ROAD FUND	COUNTY ROAD COMMISSION	TOTAL
Total Revenues	\$ 3,504,419	\$ 3,355,608	\$ 65,125	\$ 6,925,152
Total Expenditures	<u>2,472,999</u>	<u>4,417,394</u>	<u>14,134</u>	<u>6,904,527</u>
Excess of Revenues Over (Under) Expenditures	<u>1,031,420</u>	<u>(1,061,786)</u>	<u>50,991</u>	<u>20,625</u>
Other Financing Sources (Uses)				
Transfers In Primary Government	-	-	16,000	16,000
Optional Transfers-In (Out)	<u>(953,135)</u>	<u>953,135</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(953,135)</u>	<u>953,135</u>	<u>16,000</u>	<u>16,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	78,285	(108,651)	66,991	36,625
Fund Balance-January 1, 2004	<u>1,429,588</u>	<u>349,880</u>	<u>1,204,366</u>	<u>2,983,834</u>
Fund Balance-December 31, 2004	<u>\$ 1,507,873</u>	<u>\$ 241,229</u>	<u>\$ 1,271,357</u>	<u>\$ 3,020,459</u>

BARRY COUNTY ROAD COMMISSION
ANALYSIS OF REVENUES AND OTHER FINANCING SOURCES
For the Year Ended December 31, 2004

	<u>PRIMARY ROAD FUND</u>	<u>LOCAL ROAD FUND</u>	<u>COUNTY ROAD COMMISSION</u>	<u>TOTAL</u>
Licenses and Permits				
Utility and Driveway Permits	\$ -	\$ -	\$ 32,643	\$ 32,643
State Aid				
Michigan Transportation Fund				
Engineering	6,200	3,800	-	10,000
Primary Road	3,109,192	-	-	3,109,192
Primary Urban Road	61,723	-	-	61,723
Local Road	-	1,813,188	-	1,813,188
Local Urban Road	-	22,172	-	22,172
Contributions From Local Units				
Townships	305,687	1,012,131	-	1,317,818
Other Units of Government	-	-	7,500	7,500
Charges for Services				
Salvage Sales	-	-	6,105	6,105
Other	-	-	1,227	1,227
Other Revenue				
Gain on Equipment Disposals	9,898	21,035	660	31,593
Interest	11,719	2,863	9,885	24,467
Property Rentals	-	-	7,105	7,105
Contributions	-	480,419	-	480,419
Total Operating Revenue	<u>3,504,419</u>	<u>3,355,608</u>	<u>65,125</u>	<u>6,925,152</u>
Other Financing Sources				
Transfers-In				
Primary Government	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>16,000</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>16,000</u>
Total Revenue and Other Financing Sources	<u>\$ 3,504,419</u>	<u>\$ 3,355,608</u>	<u>\$ 81,125</u>	<u>\$ 6,941,152</u>

**BARRY COUNTY ROAD COMMISSION
ANALYSIS OF EXPENDITURES
For the Year Ended December 31, 2004**

	PRIMARY ROAD FUND	LOCAL ROAD FUND	COUNTY ROAD COMMISSION	TOTAL
Primary Road				
Heavy Maintenance	\$ 588,535	\$ -	\$ -	\$ 588,535
Winter Maintenance	456,502	-	-	456,502
Maintenance	1,108,946	-	-	1,108,946
Traffic Control	20,636	-	-	20,636
Local Road				
Heavy Maintenance	-	1,197,865	-	1,197,865
Winter Maintenance	-	540,475	-	540,475
Maintenance	-	2,940,691	-	2,940,691
Traffic Control	-	48,877	-	48,877
Equipment Expense-Net	(199,357)	(472,884)	(19,009)	(691,250)
Administrative Expense-Net	141,664	307,997	-	449,661
Capital Outlay-Net	345,008	(156,526)	22,077	210,559
Debt Service				
Debt Principal Payments	9,835	9,688	9,837	29,360
Interest Expense	1,230	1,211	1,229	3,670
Total Expenditures	<u>\$ 2,472,999</u>	<u>\$ 4,417,394</u>	<u>\$ 14,134</u>	<u>\$ 6,904,527</u>